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ABSTRACT

The majority of empirical studies on performance appraisal (PA) systems focus on the search for the perfect form in which subjective traits are replaced by objective and job-relevant, measurable behaviors. Organizations using a PA system to evaluate their employees struggle with issues of implementation, adaptation, and linkage with other human resource systems. To make PA a viable management tool, from a broader perspective, organizations and researchers must invest time in training managers in PA skills; in developing system evaluations which take into account reliability, validity, and managerial goals; and in designing systems to meet specific organizational conditions and expectations. Further research in these three areas will help to develop more acceptable and successful PA systems. (BL)

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Viewing Performance Appraisal With A Wide Angle Lens

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Part of a symposium entitled "Performance appraisal applied to real organizations: Narrowing the gap," C. B. Banks & K. R. Murphy, Co-Chairs. American Psychological Association Convention in Anaheim, California, August 26, 1983.

I am an amateur photographer. I have become increasingly aware (as have members of my unsuspecting family who serve as subjects) of the importance of appropriately "composing" a picture. As an example, look at Figure 1 and decide what the subject is. Then turn to Figure 2, a picture focusing on the same subject but which also includes some meaningful background information. Including appropriate background in a picture can do much to add meaning and beauty to one's object of admiration or study.

Today I will argue that a similar phenomenon is occurring in the research our profession is conducting on performance appraisal (PA). What do I mean? In the last several bibliographies we have prepared at the Center on the topic of performance appraisal we found that between 60 and 70% of the empirical studies focus on the search for what the practitioners call "the perfect form." These studies zero in on operational answers to these questions: What specific aspects should we measure of a person's job performance? How should we measure these dimensions? These studies have led us at breakneck speed away from "subjective" traits toward "objective and job-relevant" behaviors. A student of these focused studies of performance appraisal ends up viewing PA as a measurement process with the critical options focused on what and how to measure.

My past six years of involvement with performance appraisal has forced me to answer questions and pose solutions (however halfbaked) to issues raised by many practitioners. In fact, we have conducted at the Center a standard 2-day workshop on designing performance appraisal systems for over 360 human resource professionals and/or managers from 225 organizations. We always begin these workshops with a concerted attempt to have the participants state what are their most burning issues. The three most prominent questions our participants struggle with are:

- What can PA do for organizations? Specifically, what do we know about PA accomplishments to warrant an investment in it? How can we get our managers to believe this?

- What major options are there in how PA is done? Which option works best for each of the purposes we assign to PA?

- How should PA be tied to other human resource systems, such as merit pay?

Our clients' realities force them to go far beyond changing the PA form (with a goal of moving from trait to behavioral dimensions). Rather they are required to frame PA in a

broader context, viewing it as one of many management processes. To do so they need to ask questions about its overall usefulness and its particular niche as a management tool.

I find great value in viewing PA from this broader perspective even though it forces me to struggle with questions for which our profession gives little or no empirical evidence on which to base an answer. I now invite you to join me in a review of three realities in which any PA system is embedded and which can become crucial to making PA a viable management tool. These realities emerged from my own attempt to place PA in organizations. For each issue I will cite two implications for our future PA research agendas.

ISSUE: Minimal investment by organizations in introducing new or revised PA systems undermines even the most rigorously developed example.

Picture a company introducing a new PA system as follows: All managers are informed through a memo sent out by Personnel. In three pages the managers are told how the new PA forms are to be filled out, to whom they are to be returned, and by when. Many managers are still trying to get comfortable with the prior changes in the form made years past. The latest changes are viewed by many as makework designed to justify the Personnel department. Managers are reluctant to try the new system in part because it seems to demand more work by them. The most useful advice comes from peers who point out how large sections of last year's appraisal can be transplanted on to the new form.

You might think I am exaggerating. We surveyed 972 managers and professionals in a major U.S. corporation about their PA practices. What emerged was a picture of uninformed participants. For example, 40% said the key participants in PA do not understand the PA policy. And this is in a corporation which had a longstanding commitment to conducting PA!

In reality many organizations give managers little help in understanding why the new or revised PA system will help them, much less teach them the requisite skills in conducting PA. This minimal investment is not always a simple matter of corporate ignorance or sloppiness. It is often an issue of competing priorities. If an organization is simultaneously introducing two managerial programs--PA and a revised strategic planning procedure, for instance--management is most likely to invest valuable managerial time in becoming adept at strategic planning.

Even if you agree that many organizations invest little, too little, in getting new PA systems off the ground, so what? I

believe this reality has two implications for our study of PA:

IMPLICATION: Clearly we need to expand the important work examining the impact of training managers in basic PA related skills. There is a small but exciting set of experiments (Ivancevich & Smith, 1981; Latham & Kinne, 1974; Spool, 1978) indicating training can have at least short-term effects on how managers do PA. Rest assured that our clients take considerable interest in this research and use these results to convince their management of the efficacy of PA training. I would argue that we need to explore training options less costly than those often cited in the research--role playing or behavioral modelling. While these are clearly powerful training tools, many organizations do not have the resources to adequately conduct these programs. I have recently seen some promising attempts at training managers in PA skills using individualized instruction approaches.

IMPLICATION: Perhaps we should be designing new PA systems assuming minimal introduction of the participants to the system. Unfortunately some of the more promising options generated by our profession appear to require significant investment in training managers. I refer specifically to goal-setting approaches and the behaviorally based systems (BARS, BES, and BOS). All of these systems require major building of managerial skills in which many of our client organizations cannot (or at least won't) train to the required degree. Can we create PA options which use the existing level of managerial skills but create an accurate and useful documentation of employee performance?

ISSUE: Our professional paradigms for evaluating the efficacy of a particular PA system vary quite drastically from those applied by the management community, resulting in unfortunate surprises on both ends.

We have been taught to view performance measurement as an exercise in psychometrics. Consequently we ask about a PA system's reliability (inter-rater, internal consistency and perhaps test-retest) and validity (focusing on content and perhaps criterion, if some more ultimate measure of performance is available). In contrast, the management community focuses on face validity (does the form and process make sense to me as a manager?), a utility form of validity (does PA help me or my organization better manage to meet our goals?) and always a cost-effectiveness form of validity.

The result of these two quite non-overlapping sets of criteria applied to PA can be troublesome. Well developed PA systems may be arbitrarily rejected because the forms don't "feel right" to the manager. On the other hand, a PA system

which requires twice as much managerial time to conduct the appraisal may yield data of no greater validity for making salary decisions, the key goal assigned to the system by an organization.

IMPLICATION: We need to work strenuously at educating the human resource professionals charged with designing PA systems in the basic concepts of reliability and validity. They must realize that PA will not be of use for any purpose (development, salary administration, or selection) until and unless we reliably and accurately tap the domain of job performance. I can assure you we teach these constructs in every workshop. We usually introduce the notion with a review of the legal guidelines surrounding PA and a few choice examples of how courts have ruled against organizations. These usually generate a certain interest by our participants.

IMPLICATION: We in the research community need to listen to the management community in assessing what goals they assign to PA. I must confess that I was unprepared for the kinds of criteria they apply to PA. I remember distinctly being asked once by a group of General Electric executives a series of questions about the validity of PA. For example:

- Which PA systems really improve employee performance?
- What, if any, PA system gives the most useful input to deciding salary increases?
- Should you tie career decisions to a PA rating?
- How many organizational purposes can you assign to PA? Which systems meet more of these goals?

In all honesty, my response would have made neither Fred Fiedler (my mentor) nor my mother proud of me. I would invite you to give definitive answers to these questions. As much as I'd like to, I cannot dismiss these questions as irrelevant or illegitimate. They do reflect an important fact. Organizations collect data on employee performance to help make decisions and take action. We need to ask these questions of our PA systems as part of our research paradigms. Perhaps then we can create more informed users of PA systems.

Issue: Our PA systems incorporate assumptions about how decisions are made and power is distributed. If left unexplored they can turn viable systems into disasters in specific applications.

I would like to tell another story about my recent experience in consulting with a major multinational organization. Unfortunately it is at my expense. It is a highly professional organization which has recently been struggling with dramatically limited resources. Performance appraisal was conducted spottily, with a global summary evaluation written by each manager. After looking at several options, top management decided to adapt an objectives-based system (one of many variations of the IBM form). A top-down implementation strategy was planned as a way to get the organization to focus on a small set of priorities set by top management.

I must tell you the response of middle management and the professional ranks to the announcement was overwhelming. I expected a certain indifference. In fact the response was powerful. The managers and professionals felt a tremendous threat (perhaps deservedly) to the level of autonomy to which they had grown accustomed. It turns out that this particular PA system violated (intentionally) an important norm in their organization, namely considerable freedom in the managerial/professional ranks in deciding what to do and how. The objectives-based PA system, particularly since it was introduced top-down, introduced a significant difference not just in how performance was measured but even in how performance was determined. We clearly violated a norm held sacred by many a member of that organization.

IMPLICATION: If we define PA not simply as a measurement process but as a management tool, we need to specify conditions within which it will and won't work. In all honesty I would never recommend that we use a BARS approach for our Center staff. We have about as many jobs as we do staff and most jobs are dynamic (by design). BARS would neither be cost-effective nor would it be consistent with our norm of ongoing employee participation in deciding what gets done and how. I am not dismissing BARS as a PA system. I am merely asking that our research more directly address the question of the conditions (organizational size, organizational culture, past PA practices) required or desired for effective use of a given PA system. I find little of this evidence in the literature. Ivancevich has done some groundbreaking work on organizational conditions for effective use of Management by Objectives (Ivancevich, 1972, 1974).

IMPLICATION: Designing a successful PA system for use in an organization is as much an exercise in organizational development as it is a study of performance measurement. I concluded this after watching some highly sophisticated (reliable and job relevant measurement) PA systems fail while seeing some remarkably mediocre PA systems exceed the organizational goals set for them. Any time we implant a new or revised PA system in an organization we are perpetrators of

organizational change. While the field of organizational development is only emerging as a discipline, it does provide us with some basic models for preparing people and organizations for change, to help them welcome the altered state. I would find it refreshing for PA models to describe procedures for involving and informing managers and employees as well as developing sophisticated PA forms.

SUMMARY

My particular role in PA requires me to struggle with the "wide-angle lens" issue our clients face in using PA. I have outlined three examples of hard issues which seem to me to be underaddressed (or not addressed at all) in the literature. I realize that prescribing anyone's research agenda is presumptuous and an exercise almost guaranteed to generate a hostile response. I have, after all, managed researchers for ten years; but I have lived to tell about it. I do offer up these issues as possible research agendas. I also know there would be some incredibly eager clients of such research, beginning with the cluster of General Electric executives I alluded to earlier.

Finally, may I suggest, only partly in jest, an experiential regimen designed to alter the perspective of many a PA researcher:

- Complete a performance appraisal on a real, live employee.
- Use past performance appraisals to fire an obviously incompetent employee.
- Interview a group of first-line managers about what PA does and does not do for them.
- Using only the manual of a typical MBO user, attempt to set objectives and performance indicators for yourself or your secretary.
- Justify giving a below-average salary increase to an employee based on his most recent PA.

I do know that each of these experiences nudged, however slightly, my own perspective on what effective PA is and can be.

Figure 1

Figure 2

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